



115 Jackson Energy Lane  
McKee, Kentucky 40447  
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PUBLIC SERVICE  
COMMISSION

April 8, 2008

Ms. Stephanie L. Stumbo  
Executive Director  
Public Service Commission  
Post Office Box 615  
211 Sower Boulevard  
Frankfort, Kentucky 40602-0615

RE: Application of Jackson Energy Cooperative for Adjustment of Rates  
Case No. 2007-00333

Dear Ms. Stumbo:

Please find enclosed herewith an original and ten copies of the testimony of Donald Schaefer to be filed as part of the above-referenced matter.

Please call if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Clayton O. Oswald", with a wavy, cursive style.

Clayton O. Oswald

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF JACKSON	)	
ENERGY COOPERATIVE FOR	)	CASE NO. 2007-00333
AN ADJUSTMENT OF RATES	)	

TESTIMONY OF DONALD R. SCHAEFER

After first being duly sworn, the affiant, Donald R. Schaefer, states as follows:

1. I am the President and Chief Executive Officer of Jackson Energy Cooperative Corporation (“Jackson Energy”), the applicant in the above-styled case.

2. I have knowledge of and am familiar with the financial condition of Jackson Energy, and I have knowledge of the particular facts and issues involved in this case.

3. Jackson Energy has filed an Application for an adjustment of its rates with the Kentucky Public Service Commission, and the Office of the Attorney General of the Commonwealth of Kentucky has intervened in the case.

4. The original Application filed by Jackson Energy sought an increase in revenue in the amount of \$6,201,363. In subsequent filings, Jackson Energy increased the requested amount to \$6,740,627.

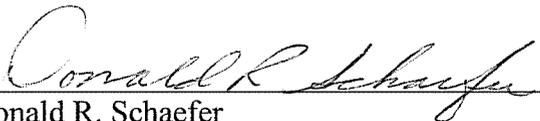
5. Jackson Energy and the Office of the Attorney General have met and conferred and reached a settlement between the parties which provides for an increase in revenue in the amount of \$6,234,827, as set out in more detail in the “Joint Settlement

Stipulation and Recommendation,” and attachments thereto, which has been filed with the Kentucky Public Service Commission.

6. The difference of \$33,464 between the originally requested amount as stated in Jackson Energy’s original application and the final amount agreed upon by Jackson Energy and the Office of the Attorney General will be allocated to the residential class of Jackson Energy’s members and rate payers, set out in schedule 10 of Jackson Energy’s proposed tariffs.

7. The terms of the Joint Settlement Stipulation and Recommendation are reasonable, just, and fair, and will allow Jackson Energy to achieve a financial situation that is acceptable.

Further the affiant sayeth naught.

  
Donald R. Schaefer  
President and CEO, Jackson Energy.

COUNTY OF JACKSON

COMMONWEALTH OF KENTUCKY

Subscribed and sworn to before me by Donald R. Schaefer on this the 8<sup>th</sup> day of April, 2008.

  
Notary Public  
My Comm. Expires: 1/19/2010